



#Digital Banking



6 min read

# How digital wallets have transformed the lives of millions in Africa

Discover how digital wallets are transforming lives in Africa, offering millions access to savings, loans, and financial inclusion.



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Africa continues to be the world's leader in mobile banking, as millions of the region's [unbanked and underbanked](#) embrace digital wallets to manage their finances. The disparity between cell phone penetration and [financial inclusion](#) has resulted in significant growth in Africa's digital wallet market, allowing users to manage their money without access to a formal bank account. **Just 54% of African adults have a bank account**, while **cell phone penetration in the region reached 61% in 2023**, according to World Bank data.

The Sub-Saharan Africa region is at the [global epicenter](#) of mobile money on the continent, with **835 million registered accounts** – nearly 50% of the global share – amounting to **\$2.5 billion transactions daily in 2023**, GSMA's [State of the Industry Report on Mobile Money](#) says. This represents 19% year-on-year growth and accounts for two-thirds of total global transaction values, GSMA notes. In contrast, the number of registered mobile wallet accounts worldwide reached 1.75 billion in 2023, and the yearly value of transactions is up 14% to \$1.4 trillion.

Welcome to the first article in our new **Banking is Local** series, where we explore the world of banking from both the consumer perspective and that of financial institutions. From global, regional, and country-specific trends, we will be covering a range of topics throughout the year.

## **Why are mobile money collaborations important?**

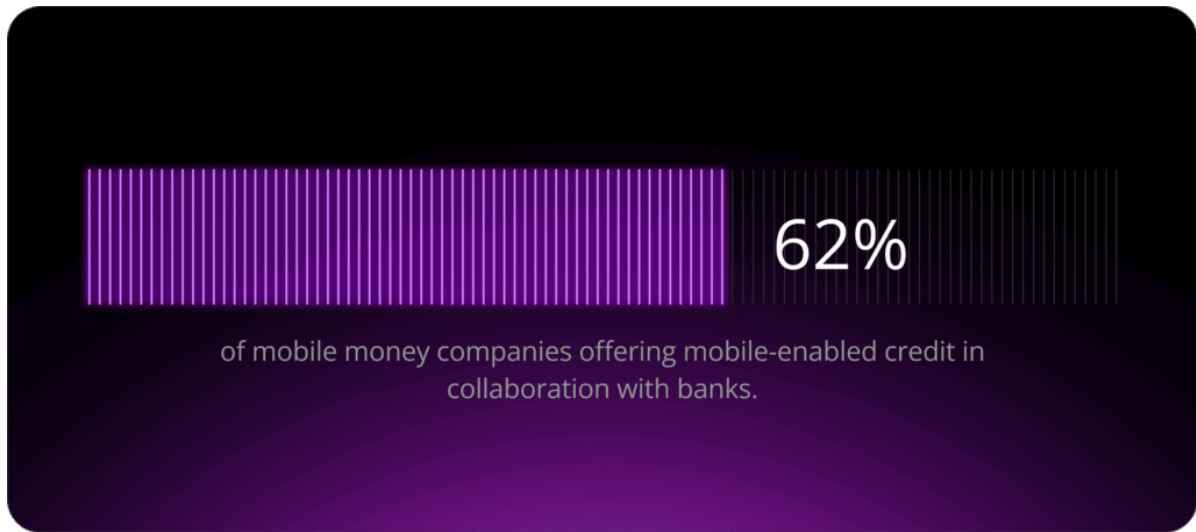
Mobile operators such as South Africa's MTN and Kenya's Safaricom are key players in the region's digital financial services sector through their mobile money platforms. In Kenya, for example, mobile money service M-Pesa **generated \$236.4 billion in transactions in 2022**, representing **38% of Safaricom's total revenue**. Banks and fintech companies are increasingly collaborating to enhance seamless digital experiences for users – and these partnerships are key for the future growth of the digital wallet ecosystem.

One example is the [KCB Group's collaboration with SBS](#), which has expanded its digital service offerings on its KCB Vooma platform in Kenya. The collaboration has allowed KCB Group to provide accessible lending, savings, and payment solutions to a wider audience. "Through this partnership, the bank has been able to offer differentiated value propositions covering payments, savings, and lending on digital channels, delivering a seamless banking experience to customers," says Paul Russo, chief executive officer of KCB Group.

## **How will 5G technology shape digital payments?**

The advent of 5G technology is also expected to pave the way for innovative [payment](#) solutions, further enhancing collaborations and the role of mobile operators in the sector. According to a report by the [Boston Consulting Group](#), mobile money companies will require banking licenses as they expand into broader financial services. Amid a regulatory push for consolidation, these can be difficult to secure and will result in mobile money players turning to incumbent banks to support their product agendas, it says.

This has led to an increase in the rate of partnerships between banks and mobile network operators, with 62% of mobile money companies offering mobile-enabled credit in collaboration with banks, Boston Consulting Group adds. Meanwhile, GSMA data shows that mobile money providers in Sub-Saharan Africa were connected to 29 banks on average in 2023, up from 17 in the previous year.



According to : BCG. (2023). [Reimagining the Payments Operating Model to Withstand Disruption in Africa](#)

## **What impact do digital wallets have on financial inclusion?**

The surge in mobile wallet usage across sub-Saharan Africa is impressive, yet it came about because of the region's unique challenges. Historically, many communities have faced numerous barriers to traditional banking services, including geographical isolation and economic, social, and political factors, leading them to rely heavily on cash transactions. However, it is the transition from informal to formal financial management that has opened up a whole new world of possibilities for the region's unbanked and underbanked. It allows people to access a wide range of modern financial services and is vital for establishing a financial identity. This, in turn, makes it easier to access salaries and government aid through direct deposits.

## **How do mobile wallets empower individuals?**

Users are now using mobile money services to save, apply for microloans and insurance policies, as well as remit money both locally and internationally. According to GSMA's State of the Industry Report on Mobile Money, the

number of mobile money services offering savings **grew from 39% in 2022 to 44% in 2023**, while microinsurance services are surging. Mobile money also enables more African women to save money than other financial services.

"For instance, in Senegal, only 6% of women saved using a traditional bank or other financial account in 2021; around four times more women chose mobile money to save," [GSMA says](#) in the report. "Kenya, Uganda, and Zambia saw similar trends, where the share of women using mobile money accounts to save money was more than double that of women using bank or other financial accounts."

Mobile wallets make it easier to send and receive money, a crucial service for families with loved ones working abroad. In 2023 alone, international remittances surged to \$29 billion in Sub-Saharan Africa, a one-third increase compared with 2022, according to GSMA data.



According to : GSMA. (2024). [The State of the Industry Report on Mobile Money](#)

## Key digital wallet players in Africa

With the highest level of mobile money adoption in the world, it is no surprise that Africa also has the most mobile money services at 156, representing nearly half of the world's total of 310. Here are some of the key players:

- **Nigeria:** OPay and Paga are the leading digital wallet services in Nigeria. OPay, established in 2018, boasts around 35 million users and allows payments through an app or SMS, making it accessible even to those without smartphones. With 19 million users, Paga specializes in local and international money transfers, bill payments, and contactless withdrawals, adapting to local cash management needs.
- **Kenya:** Launched by Safaricom in 2007, M-Pesa has become the dominant mobile money service across Africa. M-Pesa enhances financial inclusion, enabling unbanked users to access essential financial services, including payments, savings, and transfers.
- **Tanzania:** Mixx by Yas (formerly known as Tigo Pesa), launched in 2019, facilitates money transfers domestically and across East Africa. It offers users quarterly interest on funds in their digital wallets, providing a way to earn passive income while managing daily transactions.
- **South Africa:** SnapScan is a widely used digital wallet focusing on QR code payments for proximity transactions. Unlike typical mobile money platforms, SnapScan aims to integrate small businesses and informal shops into the digital economy, promoting financial inclusion in a cash-dominated market.

## **A bright future for financial inclusion and digital wallets**

The African digital wallet market will continue to grow, driven by a surge in mobile penetration, innovation in digital financial services, and collaboration between mobile money companies and banks. Digital wallets are vital not only for enhancing financial inclusion, but also for fostering a vibrant digital economy across the continent. Future growth in the region is expected to be supported by more affordable smartphones and the expansion of 4G and 5G networks. The smartphone transition is particularly important, as it allows more people to engage in the digital economy, boosting access to financial services

and fostering innovation in contactless payment solutions and other fintech services.

As the adoption of 4G continues to rise in Africa, it is forecast to **account for 50% of total connections by 2030**, according to a GSMA report on [Sub-Saharan Africa's mobile economy in 2024](#). 5G adoption is also accelerating and expected to contribute **\$10 billion to the region's economy by 2030**, accounting for 6% of mobile's total economic impact, GSMA data shows.

However, it is essential to understand that Africa's surge in digital wallet usage transcends global trends as it is a tailored local response to unique challenges. Initiatives like M-Pesa show how fintech companies and mobile operators are customizing their services to align with specific community needs. The increasing acceptance of digital wallets, bolstered by strong mobile infrastructures, highlights how these cutting-edge solutions promote financial inclusion while supporting broader economic development across the region.

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*This article is also available in video format—watch below.*

## What are digital wallets and how do they work in Africa? —

Digital wallets are electronic payment systems that allow users to store, send, and receive money using mobile devices. In Africa, they work primarily through mobile phones, even basic feature phones. Users can deposit cash at agent locations, transfer money via SMS or apps, and make payments without needing a traditional bank account.

## How do digital wallets promote financial inclusion in Africa? —

Digital wallets provide financial services to people who lack access to traditional banking. They eliminate barriers like minimum balance requirements and physical distance to bank branches. Rural communities

and low-income earners can now save money, build credit histories, and access loans. This inclusion helps people participate in the formal economy and improve their financial well-being.

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## How is 5G expected to influence digital payments in Africa? —

5G is expected to drive innovation in digital payments by improving network speed and reliability. It will support new payment solutions and strengthen collaborations between banks and mobile money providers. GSMA forecasts that 5G will contribute \$10 billion to Africa's economy by 2030.

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## Who are the main digital wallet players in Africa? —

Key players include OPay and Paga in Nigeria, M-Pesa in Kenya, Mixx by Yas in Tanzania, and SnapScan in South Africa. These platforms support payments, savings, transfers, and proximity payments and each adapts to local cash and usage habits.

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# About SBS

SBS is a global financial technology company helping banks and financial service providers reimagine operations in an increasingly digital world.

Trusted by over 1,500 financial institutions and large-scale lenders across 80 countries—including Santander, Société Générale, KCB Bank, Kensington Mortgages, Mercedes-Benz, and Toyota FS—SBS delivers a composable cloud platform that powers banking, lending, compliance, payments, and both consumer and asset finance.

With 3,400 employees in 50 offices, SBS is headquartered in Paris, France, and is recognized as a Top 10 European Fintech company by IDC and a leader in Omdia's "Universe: Digital Banking Platforms".

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